

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

Date: 05-23-07

(Filing No. S-140)

AGRICULTURE, CONSERVATION AND FORESTRY

Reproduced and distributed under the direction of the Secretary of the Senate.

STATE OF MAINE

SENATE

123RD LEGISLATURE

FIRST REGULAR SESSION

Minority

COMMITTEE AMENDMENT "B" to S.P. 262, L.D. 852, Bill, "An Act To Raise Benefits for Farmers under the Milk Subsidy Program and To Prevent Price Gouging in the Sale of Milk"

Amend the bill by striking out the title and substituting the following:

'An Act To Adjust the Levels of the State's Dairy Stabilization Program and To Prevent Price Gouging in the Sale of Milk'

Amend the bill by inserting after the title and before the enacting clause the following:

'Emergency preamble. Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the Maine dairy industry is essential to the State's rural economy and communities, generates business activity and preserves open space; and

Whereas, the stabilization of the dairy industry during temporary price drops constitutes a public purpose and an appropriate expenditure of state revenues; and

Whereas, the tiered dairy stabilization program has been successful in curbing the loss of dairy farms in the State; and

Whereas, the target prices in the tiered program need to be revised to reflect updated cost-of-production studies; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,'

Amend the bill by striking out all of section 1 and inserting in its place the following:

COMMITTEE AMENDMENT

1 'Sec. 1. 7 MRSA §2954-D is enacted to read:

2 **§2954-D. Excessive retail pricing**

3 **1. Definition.** For the purposes of this section, "supermarket" means a retail store
4 that has more than 30,000 square feet of floor space open to the public and is owned by a
5 company owning more than 10 retail stores within the State.

6 **2. Prohibition.** A supermarket may not sell or offer to sell fluid milk for a price that
7 exceeds 275% of the basic price of milk as defined in Title 36, section 4901.

8 **3. Penalty.** In addition to the provisions for injunction and civil penalties under
9 section 2959, a person who violates subsection 2 is subject to a civil penalty that equals
10 the amount by which the price exceeded 275% of the basic price of milk multiplied by the
11 number of sales made by the supermarket at the prohibited price. The commission shall
12 collect all penalties imposed under this subsection and deposit them in the Dairy Price
13 Support Program Fund established under section 2964.

14 **4. Exception.** This section does not apply to sales of organic milk.'

15 Amend the bill by striking out all of sections 3 and 4 (page 1, lines 25 to 34 and page
16 2, lines 1 and 2 in L.D.) and inserting the following:

17 'Sec. 3. 7 MRSA §3153-B, sub-§3, as amended by PL 2005, c. 382, Pt. F, §34, is
18 further amended to read:

19 **3. Determination of target prices.** The Maine Milk Commission shall establish 3
20 tiers of production, each representing a range of annual production. The commission
21 shall use the most recent studies conducted in accordance with section 2952-A,
22 subsection 3, paragraph A to estimate the short-run break-even point within each tier.

23 The Maine Milk Commission may establish and amend target prices through rulemaking.
24 Rules adopted pursuant to this subsection are major substantive rules as defined in Title
25 5, chapter 375, subchapter 2-A.

26 **Sec. 4. Interim target prices.** Beginning July 1, 2007 and until the Maine Milk
27 Commission updates the State's producer cost-of-production data and calculates new
28 target prices in accordance with the Maine Revised Statutes, Title 7, section 3153-B,
29 subsection 3, the target prices for milk producers in the State are as follows:

30 1. For the first 21,355 hundredweight produced per year by each producer, the target
31 price is \$20.70 per hundredweight;

32 2. For production from 21,356 hundredweight to 49,079 hundredweight per year, the
33 target price is \$18.07 per hundredweight; and

34 3. For production in excess of 49,079 hundredweight per year, the target price is
35 \$17.29 per hundredweight.

36 **Emergency clause.** In view of the emergency cited in the preamble, this
37 legislation takes effect when approved.'

38 Amend the bill by relettering or renumbering any nonconsecutive Part letter or
39 section number to read consecutively.

R. M. S.

COMMITTEE AMENDMENT "B" to S.P. 262, L.D. 852

1
2
3
4
5
6
7
8
9

10
11

SUMMARY

This amendment is the minority report. It changes the threshold for excessive retail pricing to be above 275% of the basic price of milk that is above the price received by farmers, instead of the 10% above the minimum retail price as in the bill. The prohibition on excessive pricing applies to retail stores meeting the definition of "supermarket." It removes proposed changes to the definition of "target price," authorizes the Maine Milk Commission to establish and amend target prices through major substantive rulemaking and, beginning July 1, 2007, establishes interim target prices that may be changed through adoption of major substantive rules.

FISCAL NOTE REQUIRED
(See attached)



123rd MAINE LEGISLATURE

LD 852

LR 1410(03)

An Act To Raise Benefits for Farmers under the Milk Subsidy Program and To Prevent Price Gouging in the Sale of Milk

Fiscal Note for Bill as Amended by Committee Amendment "B"
 Committee: Agriculture, Conservation and Forestry
 Fiscal Note Required: Yes

Fiscal Note

	2007-08	2008-09	Projections 2009-10	Projections 2010-
Net Cost (Savings)				
General Fund	(\$2,507,900)	(\$2,049,525)	(\$2,049,525)	(\$2,049,525)
Transfers				
General Fund	\$2,507,900	\$2,049,525	\$2,049,525	\$2,049,525
Other Special Revenue Funds	(\$2,507,900)	(\$2,049,525)	(\$2,049,525)	(\$2,049,525)

Correctional and Judicial Impact Statements

Establishes new civil violations.

The collection of additional fines may also increase General Fund revenue by minor amounts.

Fiscal Detail and Notes

Changes in the target prices for the Milk Subsidy Program will decrease the amount of General Fund revenue which is transferred to the Maine Milk Pool. The estimated decreases are \$2,507,900 and \$2,049,525 in fiscal years 2007-08 and 2008-09, respectively.